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ABSTRACT

Recent congressional action has increased the incentives for welfare recipients to seek new skills and has altered the system for providing education and training services. Addressing the impact of changes in welfare regulations on participation in education and training programs requires a baseline measure of how often disadvantaged populations engaged in skill-building activities before the reforms. The first wave of the National Survey of America's Families (NSAF), a nationally representative survey of households that collects a range of economic, demographic, and program participation data, provides such a baseline. The NSAF includes five indicators of human capital investment activities that create new skills. Two concern the development of better work habits: unpaid jobs provided by the government and job search/job readiness training. The other three pertain to basic education, vocational training, and college courses. One in 6 adults aged 25 to 54 engaged in some skill-building activity outside the workplace in 1996. NSAF findings show that even before federal legislation promoting greater work effort began to take effect in 1997, families and individuals receiving government income transfers invested in new work skills more frequently than prime-age adults generally. (SLD)

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The Prevalence of Education and Training Activities among Welfare and Food Stamp Recipients

Stephen H. Bell

Even before national reform, a greater share of welfare recipients invested in new work skills each year than was true of adults generally.

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A critical step toward reaching America's oft-stated goal of breaking the poverty cycle is providing disadvantaged citizens with access to the education, training, and work experience that they need to qualify for and keep well-paying jobs. At present, little is known about the frequency with which adults invest in new skills beyond their early twenties. Nor do we know if the adults being pushed most by public policy to upgrade their skills—recipients of government transfers—invest more in skill building than other adults. What sorts of skill building are they choosing, and how often?

Recent congressional action has increased the incentives for welfare recipients to seek new skills, while altering the system for providing education and training services. In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) replaced Aid to Families with Dependent Children (AFDC), a federal-state cash assistance entitlement for low-income families, with Temporary Assistance for Needy Families (TANF), a block-grant program that imposes federal limits on cash assistance receipt and increasingly stringent work requirements for welfare recipients. PRWORA also substantially increases states' flexibility to design their own welfare-to-work programs and make their own spending decisions regarding training and employment services. Legislation in 1997 created the Welfare-to-Work Grants Program, which provides funds to local programs that assist the hardest-to-employ TANF recipients and noncustodial parents of TANF children. In 1998, the Workforce Investment Act overhauled national employment and training policy generally, requiring states to provide all employment and training services through "one-stop" career centers.

Other important changes related to work have been occurring for both families and other low-income adults. PRWORA reduced food stamp benefit amounts and excludes most legal immigrants from the program. Able-bodied adults without dependents may only receive three months' worth of food stamp benefits over three years unless they are working 20 hours per week or in low labor demand areas. In addition, many states have restricted or eliminated General Assistance payments for portions of the low-income population over the last 10 years, adding to pressures for recipients to become self-sufficient through employment (Gallagher 1999).

Assessing the impact of these changes on participation in education and training programs requires a baseline measure of how often disadvantaged populations engaged in skill-building activities before reform. The first wave of the National Survey of America's Families (NSAF), a nationally representative survey of households that collects a wide range of economic, demographic, and program participation data, provides just such a baseline. It shows that even before national reform, a greater share of welfare recipients—around one in four—invested in new work

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skills each year than was true of adults generally.

Skill Investments by Working-Age Adults

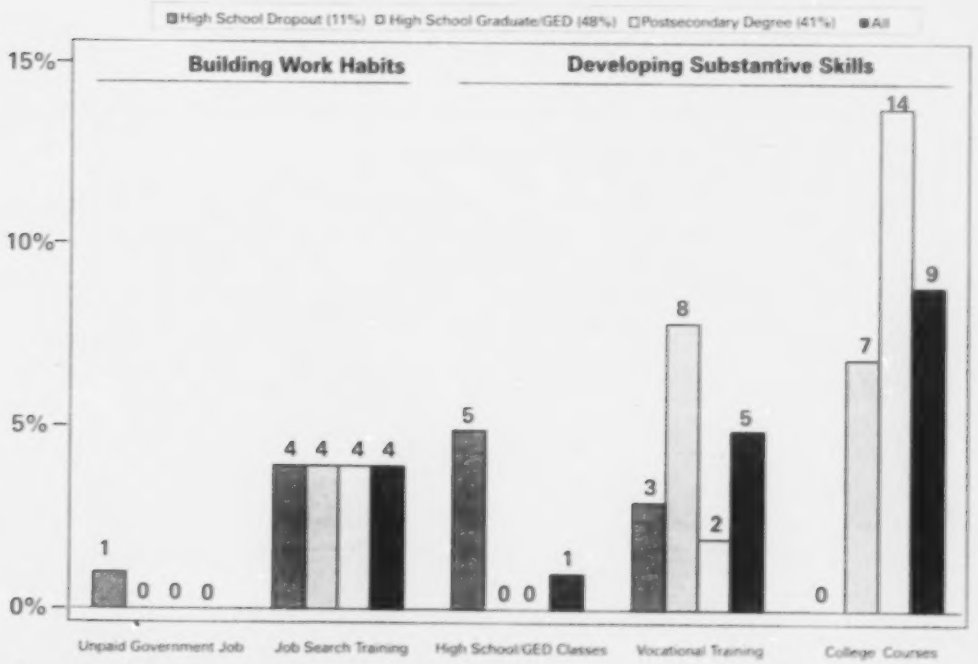
The NSAF includes five indicators of human capital investment activities that create new skills. Two of these concern development of better work habits: unpaid jobs provided by government and job search/job readiness training. The other three pertain to substantive skills used in the workplace: basic education (high school or GED classes), vocational training, and college courses.[1] Figure 1 shows investments in skill training by all adults by level of prior education.

One in six adults ages 25 to 54 (16 percent) engaged in some skill-building activity outside the workplace in 1996. A tiny share worked in unpaid government jobs to gain work experience. Another 4 percent participated in job search and work readiness training, learning to prepare resumes, present themselves in job interviews, and conduct themselves on the job. Less-educated individuals, who might have benefited most from this type of training, were no more likely than other adults to participate.

At least 5 percent of high school dropouts took high school or GED classes in 1996, and about 1 percent completed their GEDs that year.[2] Enrollment in classes may have been as high as 8 percent among dropouts,[3] a figure that translates into less than 1 percent of all prime-age adults.

Other forms of substantive skill development were more common. Five percent of all adults ages 25 to 54 participated in job training in 1996, and 9 percent took college courses. This type of human capital investment most directly addresses the skill requirements of an increasingly complex and information-driven work environment. Importantly, those with greater prior education were *more* likely to engage in additional skill acquisition of this sort, in part because most postsecondary institutions require a high school diploma or GED. Those with a previous postsecondary degree did little vocational training, how-

FIGURE 1. Percentage of Adults Ages 25 to 54 Participating in Skill-Building Activities, by Type of Activity and Level of Prior Education, 1996



Source: 1997 National Survey of America's Families (weighted data).

ever, concentrating on college classes instead.

These findings have important policy implications. Combining high school/GED classes, vocational training, and college classes into a single indicator, 14 percent of workers ages 25 to 54 engaged in some form of substantive skill development outside the workplace in 1996. Presumably, a much greater number of adults do this at some point during their prime working years, a possibility that should encourage advocates of lifelong learning. The potential distributional consequences of lifelong education are also worth noting, where the "haves" seemed to be moving further ahead of the "have nots." If formal education continues to be more common among adults already in the upper half of the educational distribution—and if the returns to education continue to grow, as reported in many recent studies—stronger measures to help less-educated adults acquire new skills outside the workplace may be in order.

Some qualifications apply to these results. First, it is important to recognize that the indicators presented here are not the whole story. Work itself conveys skills—through experience, informal instruction, and structured on-the-job training. Eighty-two percent of prime-age adults worked in 1997 (Bell 1999), far more than took classes or training outside of work. But not all investments in work skills translate into increased productivity, expanded job options, and higher earnings. Research has shown that government training programs have benefited participants in some instances but not in others,[4] and even the successes have often led to only modest income gains. For these reasons, investments in human capital through education and training cannot always be equated with progress in the workplace or higher standards of living.

The Emphasis on Work and Training for Recipients of Public Benefits

One group of less-educated adults—those receiving government income support—are of particular policy interest, in terms of both their productivity as workers and their "bottom rung" status in the income distribution. Assisted populations are being pushed to support themselves and their families through work. As noted earlier, family cash assistance under TANF and the federal Food Stamp program are increasingly requiring work as a condition for—or full-fledged alternative to—government income support.

An important part of this effort seeks to equip recipients and former recipients with better work skills. Welfare recipients in 1997 faced many barriers to employment, including limited education and a lack of recent work experience (Zedlewski 1999). These barriers, combined with employment and training participation requirements, led at least 17 percent of AFDC recipients to engage in government-sponsored skill-building activities prior to the reforms (Bell 2000).[5] Others no doubt pursued skill-building opportunities outside government. Similar circumstances applied to non-AFDC food stamp recipients—adults without children and families just above AFDC's income eligibility threshold—although participation in the Food Stamp program's Employment and Training component has historically been low.

As with adults generally, welfare recipients who had dropped out of high school were the least likely to engage in skill-building activities.

Are Welfare Recipients More or Less Likely Than Others to Invest in New Skills?

Most states required an important share of their adult AFDC recipients to work or participate in employment and training activities prior to PRWORA. As a result, welfare recipients may have been more active in human capital development activities than other prime-age workers. But it is also possible that the burdens of single parenthood, lack of financial resources, and other factors limited education, work, and training activities in this population, at least for welfare recipients not facing work and training requirements.

The skill investments of AFDC recipients must be examined from two perspectives: the skills that may be acquired through work itself, and skills imparted through more formal education. Using

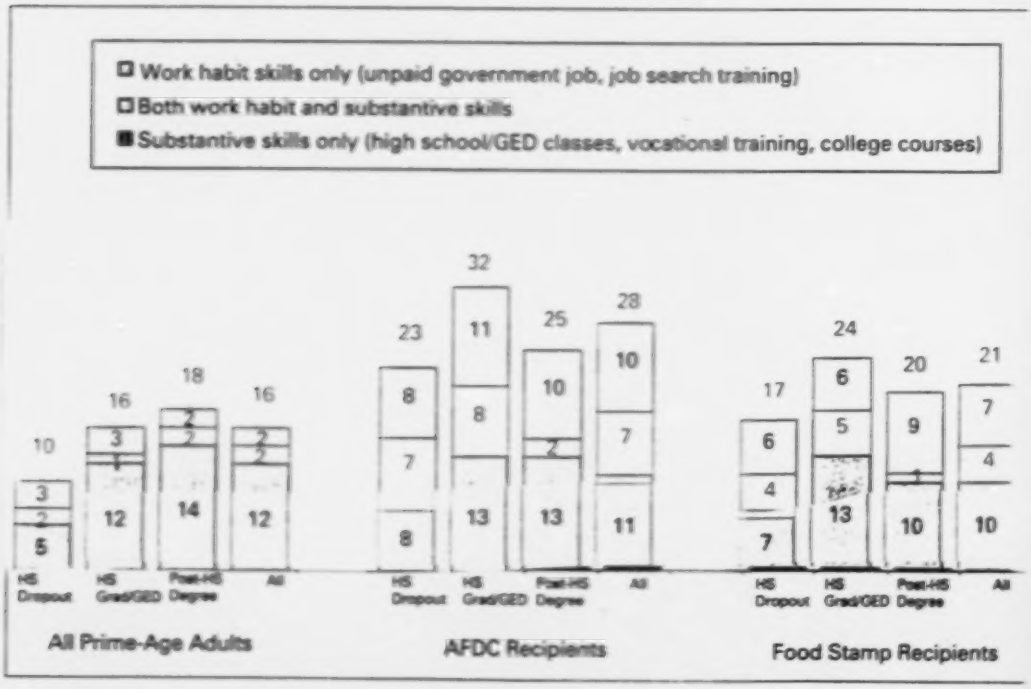
NSAF data, Zedlewski (1999) reports that 21 percent of cash assistance recipients held jobs when interviewed in 1997. This suggests that some degree of skill enhancement takes place at work for this population.[6] Still, there was much less opportunity for this kind of learning among welfare recipients than in the population as a whole (where 82 percent worked).

In contrast, AFDC recipients were much more likely than prime-age adults generally to have engaged in skill-building activities *outside* the workplace, as shown in figure 2. The first cluster of bars in the figure, summarizing information from figure 1, shows the education and training activities of *all* prime-age workers in 1996 by level of education. Ten percent of high school dropouts, 16 percent of high school graduates, and 18 percent of those with a postsecondary degree or certificate spent some time investing in new skills in 1996—comprising 16 percent of all 25- to 54-year-olds. AFDC recipients' investment rates (center cluster) are higher. Consistent with the goals of states' welfare-to-work initiatives, 28 percent invested in new skills in 1996.

Reversing the pattern for the population as a whole, the rate of skill building among welfare recipients was higher for those with a high school diploma or GED but no postsecondary degree—a third of whom undertook some form of skill building outside the workplace—than for those with more education. Given that 49 percent of prime-age adults on AFDC have just a high school education, this represents an important level of social investment. Unfortunately, as with adults generally, welfare recipients who had dropped out of high school were the least likely to engage in skill-building activities.

It is also interesting to note the content of skill investments by AFDC recipients. At all levels of education, investments in work habits and substantive skill development approximately balanced (see shading in figure 2). For example, 15 percent of AFDC recipients who had not finished high school were active in work habit development—unpaid work or job search

FIGURE 2. Percentage of Adults Ages 25 to 54 Participating in Any Skill-Building Activity, by Welfare Status and Level of Prior Education, 1996



Source: 1997 National Survey of America's Families (weighted data).

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training—a figure identical to the share participating in substantive skill building. There was also considerable overlap between the two groups: 7 percent of all high school dropouts on welfare invested in both work habits and substantive skills in 1996.

The story is similar at other educational levels but differs considerably from the pattern for all prime-age adults, for whom substantive skill development dominated. The contrast is consistent with the theory that many pre-TANF welfare programs emphasized work habits over substantive skills. Given the difference in employment rates between the two groups (21 percent versus 82 percent) and the increasing importance of earnings in the total incomes of welfare recipients, the welfare system's heavier emphasis on finding and keeping a job—any job—over training for a *better* job is not surprising. The substantially lower cost of job search and work readiness training, compared with longer-term education and training, may also have played a role in this emphasis.

Skill Investments by Food Stamp Recipients

Though not faced with quite the same incentives and requirements for work as AFDC recipients prior to welfare reform, prime-age adult food stamp recipients followed a similar pattern in 1996. However, broadening the population to include food stamp recipients who do not receive welfare softened the contrast with all prime-age adults.[7] For example, the overall education and training activity rate of food stamp recipients exceeded that of all prime-age adults by just 5 percentage points (21 percent to 16 percent), compared with a 12 percentage point margin (28 percent to 16 percent) for AFDC recipients. Reforms pushing employment and work preparation had not yet taken hold as strongly in the Food Stamp program—a federal program—as they had in many state-initiated AFDC welfare-to-work initiatives.

Skill investment rates were somewhat higher (24 percent) for the most active food stamp recipients—those with a high school diploma or equivalent but no post-secondary degree—mainly because they were more likely to pursue substantive skill building (18 percent, compared with 11 percent for other adults in food stamp households). Investment in better work habits held steady across education levels, at around 10 percent. Food stamp recipients, like AFDC recipients, invested a greater proportion of their total skill-building activities in better work habits (11 of 21 total percentage points) compared with adults generally (4 of 16 total percentage points). Low employment rates may have led to both personal and programmatic emphasis on getting a job quickly and holding on to it.[8]

Variations by State

Given the importance of state policy decisions and state and local programs to education and training activities, it is important to understand the degree of skill building taking place among working-age Americans in individual states as well as the nation. NSAF data are uniquely equipped to tell us this for 13 states that together encompass half the nation's population. Several important findings emerge from a state-level analysis (see figure 3).[9]

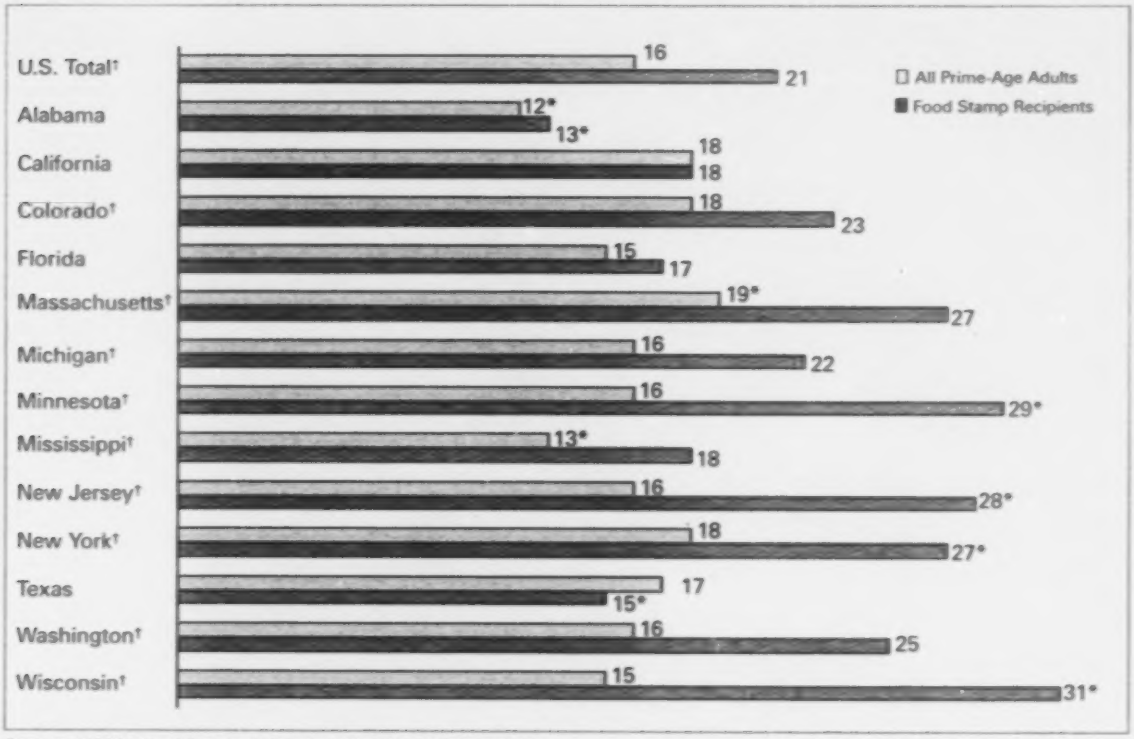
- Overall, education and training activity among prime-age workers varied considerably among the 13 focal states, ranging from 12 percent in Alabama to 19 percent in Massachusetts. Only Massachusetts significantly exceeded the national average of 16 percent, while two states—Alabama and Mississippi (13 percent)—fell significantly short.

- Several states differed significantly from the nation in human capital investment rates for food stamp participants. Minnesota, New Jersey, New York, and Wisconsin, for example, significantly exceeded the national average, while Alabama and Texas fell significantly short.

- Food stamp recipients in 9 of the 13 states—Colorado, Massachusetts,

Consistent with the goals of states' welfare-to-work initiatives, 28 percent of welfare recipients invested in new skills in 1996.

FIGURE 3. Percentage Participating in Skill-Building Activities,[a] by State: All Adults Ages 25 to 54 and Food Stamp Recipients, 1996



Source: 1997 National Survey of America's Families (weighted data).
a. Includes unpaid government job, job search training, high school/GED classes, vocational training, and/or college courses.
†Significant difference between all prime-age adults and food stamp recipients (95 percent confidence).
*Significantly different from U.S. total (95 percent confidence).

Michigan, Minnesota, Mississippi, New Jersey, New York, Washington, and Wisconsin—were significantly more likely than other prime-age adults to engage in skill-building activities. Activity rates for food stamp recipients exceeded those of the broader population by between 5 percentage points (Colorado) and 16 percentage points (Wisconsin). No focal state had a significantly lower skill investment rate for its food stamp recipients than for its prime-age population generally.

Though state-level samples of AFDC recipients are too small in the NSAF to provide stable estimates of activity rates, certain strong contrasts emerge between welfare recipients' skill-building activities and those of the food stamp population and prime-age adults generally. Specifically, AFDC recipients, like food stamp recipients, engaged in more skill development than other prime-age adults in many states, including 11 of the 13 states examined here. This pattern holds despite substantial differences in how employment and training services for welfare recipients were organized and delivered in 1996—in scale, service emphasis (e.g., rapid workforce attachment compared with longer-term education and training), cross-agency collaboration, and spending levels (Bell 2000). In 9 of the 13 focal states, AFDC recipients also engaged in more skill development activities than the non-AFDC portion of the food stamp caseload.

These results confirm an earlier finding for the nation as a whole: Even before federal legislation promoting greater work effort began to take effect in 1997, families and individuals receiving government income transfers invested in new work skills more frequently than prime-age

adults generally. Even so, at most one in three prime-age adults on the food stamp or AFDC rolls in 1996 invested in new work skills outside the workplace in the 13 states examined here. In many of the states, the human capital investment rate for dependent adults was closer to one in five.

Changes in these proportions after 1996 could be among the most striking consequences of federal welfare reform, as recipients are pushed forward by PRWORA's early work requirements, tightened sanction policies, and benefit time limits for TANF and food stamp recipients alike. Subsequent waves of the NSAF will track these developments. For now, the question remains whether PRWORA and other employment-focused federal reforms of the 1990s not only reduced public assistance caseloads but also inspired low-income adults to seek greater financial security through ongoing investment in new work skills.

Endnotes

1. NSAF data on all these items correspond well with those of other surveys.

2. The latter figure is taken from the American Council on Education 1997.

3. NSAF did not collect information on high school or GED classes during 1996 for respondents who had a diploma or GED when interviewed in 1997. The analysis assumes that every such person already had her/his GED or high school diploma at the end of 1995, though in fact some obtained the credential after that point. Data on receipt of GEDs during 1996 (American Council on Education 1997) imply that at most one-third of all high school/GED activities are missed by this assumption and probably much less.

4. For a summary of the extensive literature on the effects of these programs, see LaLonde 1995. Equivalent information on the effectiveness of private-sector training programs is not available.

5. The 17 percent figure pertains to participation in AFDC's Job Opportunities and Basic Skills (JOBS) program and programs funded under the Job Training Partnership Act (JTPA). It excludes other sources of government assistance, such as the Employment Service and the community college system.

6. Employment rates for welfare recipients have increased substantially since 1997 (Schoeni and Blank 2000).

7. AFDC recipients made up 35 percent of the food stamp caseload in 1996.

8. Forty-five percent of food stamp families with children contained one or more full-time workers in 1997. See table 2 in Zedlewski and Brauner (1999).

9. Differences between state and national averages are reported here only if statistically significant at the 95 percent confidence level. The same standard was applied in drawing contrasts in earlier figures.

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Stephen H. Bell is a principal research associate in the Urban Institute's Income and Benefits Policy Center. His research focuses on employment and training policy and program evaluation methods, with emphasis on estimating the impact of government programs on labor market outcomes of disadvantaged workers. His ongoing work includes analyses of welfare reform's impact on education and training participants and providers, and the economic circumstances of working poor Americans without children.

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